



**Ecommerce Europe
Rue d'Arlon, 69-71
1040 Brussels
Belgium**

Brussels, 20 November 2018

RE: Ecommerce Industry calls on EU Member States not to rush a decision on the EU DST Proposal

Dear Finance Minister,

In view of the meeting of the ECOFIN Council of 4 December, we are writing to you regarding the European Commission's Proposal to introduce a 3% Digital Services Tax (hereafter DST) on revenues resulting from certain digital services.

Through its 20 national e-commerce associations, Ecommerce Europe represents the interests of more than 75,000 companies selling goods and/or services online to consumers in Europe. Our mission is to make it easier for online merchants to sell to consumers in the European Union, with a particular focus on SMEs, for which it is more complicated to sell cross-border.

We are aware that this week two important meetings will take place in the Council, at Working Party level, where the DST Proposal will be discussed in view of the next ECOFIN meeting. In this light, Ecommerce Europe wants to reiterate its strong concerns on the introduction of such a tax. In our last letter, we referred to the fact that important legal and substantive technical issues have not been properly addressed until today, in particular the issue of low-margin and loss-making companies, still within the scope of the DST, and the contested legal basis used by the European Commission to justify its action. We remain convinced that such a tax will have negative consequences for European businesses, specifically SMEs, and ultimately EU consumers, who will essentially carry the burden of the DST.

Ecommerce Europe also wants to reaffirm its opposition to unilateral solutions, both at EU and Member States level, and calls on the EU Finance Ministers to take into consideration the fact that the OECD is the only appropriate forum to discuss and define how to tax the global economy in a fair and non-discriminatory way. Only an OECD solution will avoid risks of double taxation and any damage to the multilateral order, with potential retaliatory measures from third countries. We also understood from the last ECOFIN Council that Germany invited the European Commission to further develop the DST Proposal and present it in due time only if the OECD would fail in achieving a global consensus-based solution by the summer of 2020. Besides this recent German statement at the last ECOFIN Council, which we interpret as a recommendation to put the discussions on the EU DST on standby, particular attention should be given to the fact that the OECD work is continuing, with the aim of presenting an interim report in 2019 and, ultimately, reaching a consensus-based solution for the taxation of the digital economy in 2020.



In this light, we call on the EU Member States not to rush a decision on the EU DST Proposal at the next ECOFIN Council meeting and to firmly push in favor of international efforts at OECD level, in view of the adoption of a structural, long-term and global solution, which Ecommerce Europe and several other stakeholders favor.

We look forward to continuing constructive discussions on this issue to make sure that companies will be taxed in a fair and non-discriminatory way.

Yours sincerely,

Marlene ten Ham
Secretary General

A handwritten signature in blue ink, appearing to read "Marlene ten Ham", written over a horizontal line.

Cc: European Council members, Permanent Representations to the European Union